



City of Gaithersburg Adopted Budget

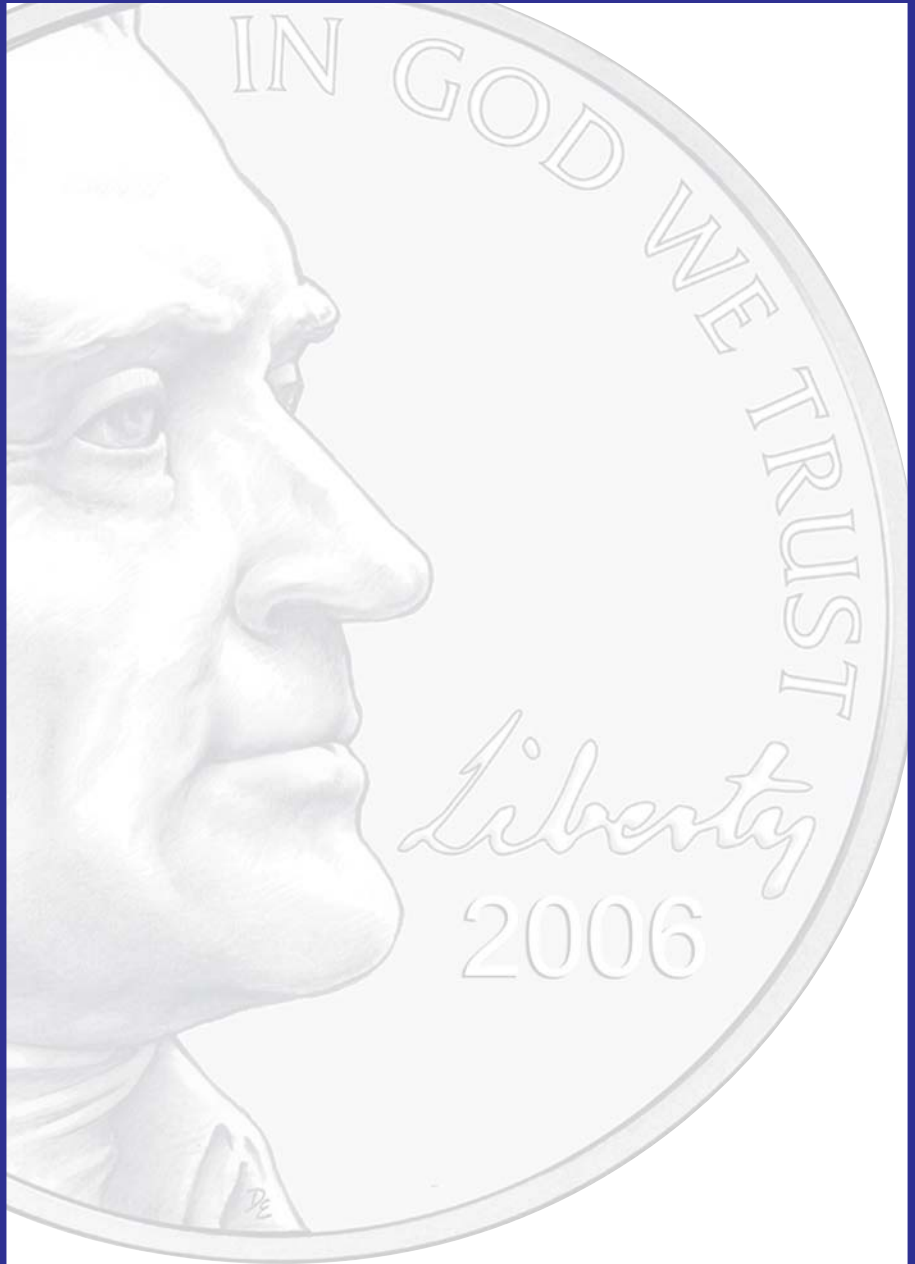
FY06

Fiscal Year 2006

July 1, 2005 to June 30, 2006

**Capital Improvements
Program
Fiscal Years
2006 - 2010**

www.gaithersburgmd.gov



June 6, 2005

The Honorable Mayor and City Council
Citizens of Gaithersburg

I am pleased to submit the adopted City Budget for Fiscal Year 2006. As always, we strive to refine and prioritize our activities as directed by the Strategic Plan, which is our guide in delivering the highest quality services to our residents. The Mayor and City Council revisit the plan annually and allocate the resources necessary to implement the majority of our Strategic Directions.

For the 42nd consecutive year, the City's budget can be funded without a tax rate increase. Our "pay as you go" philosophy is a pillar of the City's financial plan and has allowed us to maintain a constant tax rate for so many years. We are maintaining the real property tax rate at \$.212 per \$100 of assessed value. Additionally, the ad valorem tax on tangible personal property would remain at the rate of \$.53 per \$100 of assessed value.

During FY 2005, the Mayor and Council directed staff to undertake a study of an acceptable level of reserves, which had grown substantially over the past several years. The results of this study allowed us to determine that a significant amount of funding from the reserves could be applied to current needs. The growth of this budget, especially in the Capital Improvements Plan (CIP), reflects the application of reserve funds to current projects.

OVERVIEW

The City has enjoyed strong growth in revenues recently and that growth, when combined with the application of additional reserve funds and increased grant funding, has allowed us to increase the budget to address both operating and capital needs. The Operating Budget saw the most growth in personnel expenses as we bring on additional police officers and public works employees to address the needs of new facilities and a growing population. Even with these new positions, the proportion of personnel expenditures within the total Operating Budget has remained relatively flat. These new positions address the Mayor & Council's emphasis on public safety and the delivery of the highest quality "core" services such as street maintenance.

The City Operating Budget grew by \$2,426,725 and will be \$31,929,790, an 8.2 percent increase over the previous year. The total adopted City Budget, including Operating and Capital components, is \$41,156,412. This increase reflects the growth of expenses associated with City personnel and services, as well as the new initiatives prioritized by the Mayor and Council and more fully described in this letter.

The City's Capital Improvements Plan (CIP) would grow by \$4,036,067 to \$9,226,622, a 77.8 percent increase. As indicated at the beginning of this letter, we were able to allocate substantially more funding from the reserve account to the FY 2006 Budget and virtually all of that increase is allocated to the CIP. The new policy guiding our level of reserves will set an acceptable level from year to year. We feel the FY 2006 CIP is funded at a reasonable level, given that the reserve fund balance has grown in recent years as we have consistently come in under our expenditure budget and have received higher revenues from several sources.

This year, we plan to use reserve funds of \$4,097,870 compared to the FY 2005 amount of \$2,742,422. The City has utilized this strategy of using excess reserves in the past, most recently to leverage revitalization project funding in Olde Towne. It has become an important element to our "pay as you go" policy.

REVENUES

We are projecting a 14.3 percent increase in total City revenues for FY 2006. This continues last year's trend, which saw an 11.3 percent increase. We are seeing continued growth in the real property assessable base, from both higher assessment of existing properties and the addition of new homes and commercial buildings. We also expect material revenue gains in building permits, highway user fees, and income taxes. Revenue categories that we project to decrease in FY 2006 include grants from state government and grants from federal government. Reductions in state grants are mostly attributable to several state-funded projects simply being completed in FY 2005. Federal funding decreases resulted from cuts to Community Development Block Grant and Economic Development Initiative funds.

We are also budgeting to receive revenue from the sale of fixed assets (specifically surplus land) in FY 2006. As a result of the Olde Towne Charette II, held in late 2004, several City-owned parcels in Olde Towne were identified as possible development sites that could be sold. Any City property considered for sale would follow the processes outlined in the appropriate regulating ordinances.

On the federal front, competition for funding has become increasingly intense. We have retained experienced consultants to work with us to educate congressional staff members and elected officials about important City projects. The fiscal conditions of the State of Maryland and Montgomery County also have tremendous influence on several major City revenue sources and we continue to monitor them.

Our Grants Administration staff continues to identify and secure additional revenue for City projects and administer our Community Development Block Grant (CDBG) program. In FY06, the City will apply for new grant funds to support many of our Strategic Directions, while also seeking continued funding for a range of projects.

Pending grant applications include requests from the Maryland Department of Planning to restore the train cars at the B&O Railroad Station, repair the track and expand the decking surrounding the Community Museum, and funding from the Maryland State Highway Administration for new pathways at Malcolm King Park. The City is also pursuing grants to support ongoing initiatives for the Police Department through the Governor's Office of Crime Control and Prevention, under its newly created Edward J. Byrne Justice Assistance Grant program. Other opportunities include a new initiative from the Maryland State Arts Council, funded by the National Endowment for the Arts, to allow the City to expand its Center Stage productions to serve the Youth Center at Robertson Park, a program to support a new recreation program for the City's Youth Services Division through the Carl M. Freeman Foundation, and funding through the State's Community Legacy Program and Priority Places Initiative to support revitalization efforts in Olde Towne.

OPERATING BUDGET

The Operating Budget funds virtually all City activities other than the CIP. This includes funds to compensate employees fairly (including benefit costs), provide materials and supplies to operate all departments, purchase vehicles and equipment, and provide for contingencies and unexpected expenditures.

By far, the largest expense category is personnel and numerous requests for new staff were submitted by the various City departments. Only those personnel requests relating to the highest priority activities (with an emphasis on public safety and public works) were eventually approved. New and deleted positions are described below.

Personnel

Just over 66% percent of the FY 2006 Operating Budget is dedicated to personnel services. This is slightly less than FY 2005 and this figure includes all new positions. We have added five additional positions this year, including two Police Officers, a Work Force Supervisor and a Senior Public Service Worker assigned to the Street Resurfacing function in Public Works, and a Recreation Program Supervisor. We have also determined that a Counselor position at Wells Robertson House that had been operating under an employment agreement should appropriately be upgraded to full time status.

During FY 2005, two positions were upgraded from employment agreement to full time and one new position was added mid-year. Upgraded were a Custodian at the Senior Center and a Network and Support Specialist in Information Technology. The new position was a Human Resources Assistant in the City Manager's Office.

In FY 2006, the position of Public Information Specialist will be eliminated. All of the additional and upgraded positions will provide direct services to our residents in support of important Strategic Directions.

Major Initiatives

The **Parks, Recreation and Culture** budget reflects preparation for the planning and design of a new Youth Center in Olde Towne, a feasibility study of the possible expansion of the Senior Center, and the continued planning of the new Recreation and Aquatic Center. This budget also reflects the first full year of operations for Lakelands Park and the new Youth Center at Robertson Park.

Two new police officer positions were approved within the **Police Department**. Recruiting of these new officers will begin this summer. Expenses relating to vehicles, equipment and uniforms are also reflected in this budget and account for most of the operating budget increase. The department will also be making several technology-related upgrades to improve communications and better interpret crime statistics.

The **Public Works, Parks Maintenance and Engineering Department** will be adding a second crew to the Streets & Special Projects function. Aging of existing infrastructure and the addition of new streets and sidewalks has created a workload that is beyond the capacity of a single crew. These new employees will also assist us with snow removal. The opening of the new Lakelands Park facility and the new Youth Center will also add to our facilities maintenance and utilities budgets.

Staffs of the **Planning and Code Administration** and **Economic Development Office** will work with the new Olde Towne Charrette II plan to make the projects envisioned by the plan a reality. The remaining Special Study Areas and Master Plan Elements, including the GE Tech Park and Market Square special study areas, will be completed in FY 2006.

The **Office of Environmental Affairs** continues to be involved in a number of activities to meet the requirements of the National Pollutant Discharge Elimination System (NPDES) program; including administering the stormwater management facility inspection and maintenance system, creating an outfall monitoring system, organizing public education and outreach activities, and expanding the City's pollution prevention program. In addition, this activity continues to expand the City's Green Building, forest conservation, and stream restoration initiatives.

During FY 2005, the City undertook an **Employee Retirement Benefit Analysis**. The study compared the benefits provided by the City with those of other local jurisdictions for both general and public safety employees. We have not yet determined whether to modify any aspect of our current plan but additional funds have been placed in the Budget for this purpose should we decide to move forward.

CAPITAL IMPROVEMENT PROJECTS

This year's Capital Improvements Plan has allocated substantially increased funding for infrastructure projects as well as for several new initiatives prioritized by the Strategic Plan. Extension of the CIP through FY 2010 is presented for each activity in the budget (FY 2007 to FY 2010 figures are estimates used for planning purposes).

Street Resurfacing – Funding levels for this CIP have been increasing steadily in recent years and we are budgeting \$1,500,000 for FY 2006, a 20% increase over the prior year. In order for the City to comply with Government Accounting Standards Board (GASB) rules, maintenance of streets requires a high level of funding so as to avoid the need to make a substantial reservation of fund balance. FY 2006 funding includes support for projects in Fernshire Farms, Park Summit and Shady Grove Village Section 3, as well as portions of North Summit Avenue.

Street Reconstruction – Just over \$800,000 is allocated to this CIP. The tentative schedule for street reconstruction projects in FY 2006 includes portions of Edison Park Drive (\$200,000) and Watkins Mill Road (\$250,000).

Stormwater Management (SWM) – This activity continues to require major capital funding and over \$800,000 is budgeted for FY 2006. Funding will support repair of the culverts under Rabbitt Road (\$52,000), Diamond Drive (\$32,000), and Solitaire Court (\$82,000), a study of the City's watersheds (\$100,000), construction of a SWM retrofit for the ponds at Park Summit (\$250,000), design of other Home Owner's Association SWM projects (\$50,000), design of a retrofit of Lake Placid (\$40,000) and design of other stream stabilization projects (\$60,000).

Gaithersburg Upcounty Senior Center – In FY 2005, \$125,250 Community Development Block Grant - HUD (CIP 04-1) funds were re-allocated to a space planning and possible expansion feasibility study of the Senior Center. FY 06 funding (\$500,000) represents an initial contribution to support the possible expansion or renovation of the center.

Lakelands Recreation Center – The FY 2006 CIP allocates \$1.4 million in State of Maryland and City funding to this project, to be located at Route 28 and Edison Park Drive. This contribution brings the FY 2006 fund balance relating to this project to over \$5.5 million. We continue to explore partnership opportunities to build and operate this major facility. During 2005, a concept/schematic design study of the project was completed that greatly assisted us in identifying cost, logistic, and design issues.

Youth Center in Olde Towne – This CIP account has been created in anticipation of constructing a new Youth Center facility on a site that is more convenient to local middle school students. The Olde Towne Charrette II recommends redevelopment of the location of the existing youth center. This project is budgeted at approximately \$2.6 million, of which \$2.3 million is budgeted in this CIP for construction in FY 2006. The additional funding required for the project appears in the Community Development Block Grant - HUD CIP (04-1).

CDBG Projects-HUD – All FY 2006 CDBG funds (\$336,050) and some FY 2007 CDBG funds (approximately \$70,000) will support the design and other necessary development costs associated with the relocation of the Olde Towne Youth Center from 402 East Diamond Avenue to a proposed location near the Gaithersburg Middle School. The project is eligible under CDBG national objectives, and is outlined in our Consolidated Plan.

Market Square Park Plaza – This new CIP project involves the creation of a new park/plaza on a parcel within the Market Square Shopping Center at the former location of the ice skating rink/miniature golf course. The City Council authorized us to negotiate a lease of the site and we will work with the community to develop a park/plaza plan.

Other Projects of Interest – Some other projects of interest in the FY 2005 Capital Improvements Plan include \$105,000 for Sidewalks, Handicapped Ramps and Bike Pathways, \$40,000 for Street Lighting, \$20,000 to complete the Latitude Observatory project, and \$200,000 for Traffic Calming and Signalization.

CONCLUSION

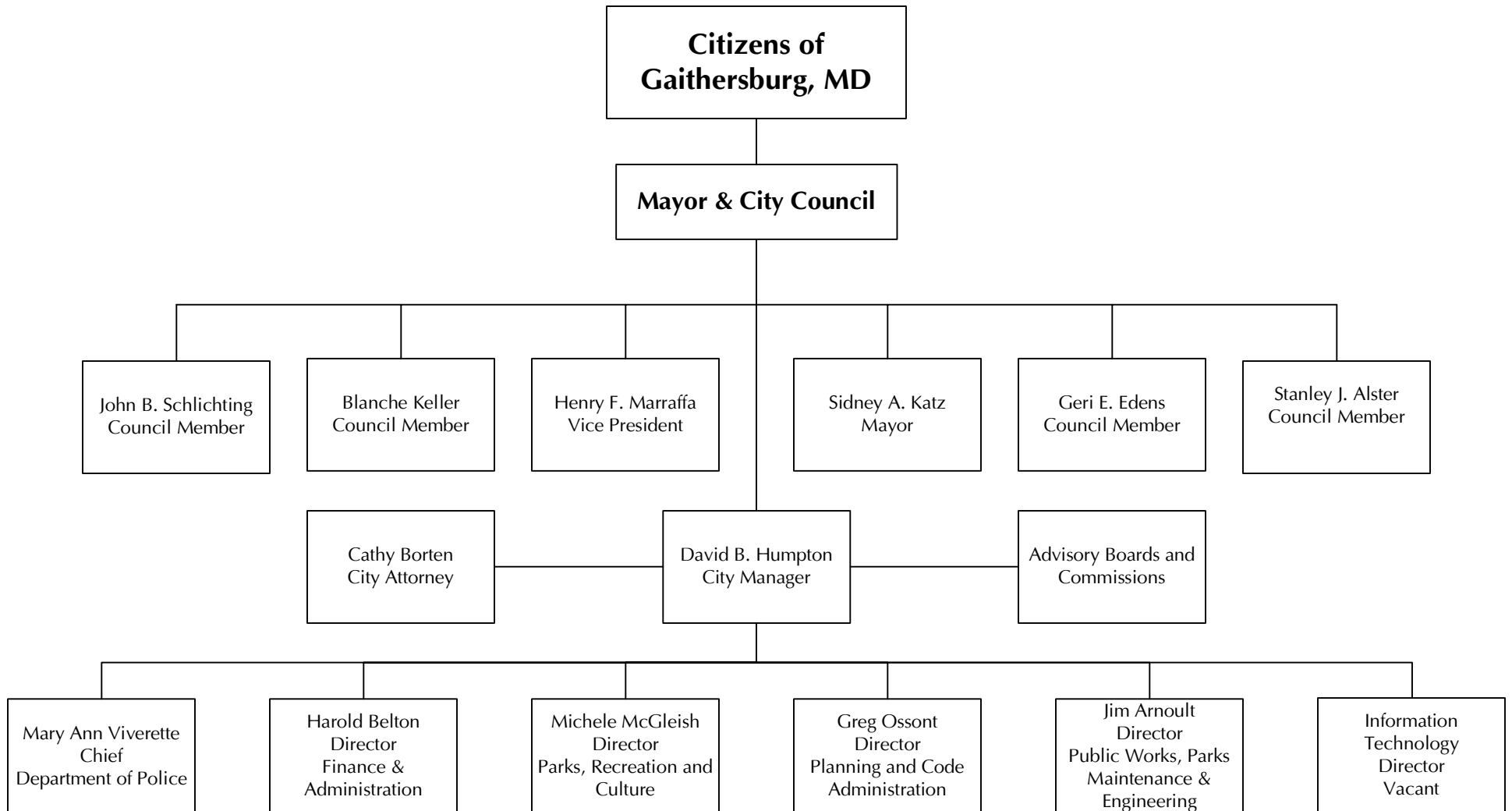
We are fortunate to have enjoyed several years of revenue growth and have strong reserve balances. The priorities of this Budget are, in many ways, similar to other recent budgets with emphasis on the delivery of excellent community services, including public safety, and on capital budget initiatives relating to transportation/environmental projects and recreation facilities.

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Gaithersburg continues to enjoy a strong financial position. This reflects the efforts we expend in research, planning, development of partnerships, and control of expenses. The budget process continues throughout the year as priorities for each year's budget are set, evaluated, and revised almost continually. I would especially like to express my appreciation to our great staff, the citizen volunteers who work on our committees, the citizens who participated in the Budget Public Forum, and to the Mayor and Council for their ongoing commitment to making Gaithersburg the best place to "Live, Work, Learn and Play".

Sincerely,
David B. Humpton
City Manager

CITY OF GAITHERSBURG, MARYLAND



Mission

The Gaithersburg City government exists to provide quality, cost effective, priority community services for its citizens. We are a CHARACTER COUNTS! City that serves as a catalyst for the involvement of residents, businesses, and organizations to ensure that Gaithersburg is a great place to live, work, learn, and play.

Vision

Gaithersburg will set the standard for other cities as a “special” place where people want to live, work, learn, and play. Gaithersburg will be a City that:

- Lives by the Six Pillars of CHARACTER COUNTS! (trustworthiness, respect, responsibility, fairness, caring and citizenship).
- Has retained the best qualities of a small town and respects its heritage while embracing the opportunities that new technologies provide.
- Has involved and supportive citizens and businesses reflecting the diversity of the community.
- Has a fiscally conservative, proactive government.
- Has safe, highly livable neighborhoods with a variety of housing types and styles served by diverse transportation options.
- Has a desirable business environment and diverse employment options.
- Has excellent learning opportunities that meet the needs of the community.
- Has attractive and beautifully maintained parks and public places.
- Has many leisure time activities that meet the needs of the community.
- Has a high quality, family-friendly environment for people of all ages and cultures.
- Has citizens with a strong sense of community and individual responsibility.
- Has a natural environment that is protected, respected, and enhanced.
- Has strong partnerships to meet the needs of the community.
- Has a community that encourages individual health and wellness.

The City of Gaithersburg's Strategic Directions establish an overall approach to achieving the City's vision.

- Ensure that all planning and development considers and responds to the City's environmental, transportation, economic, social, and civic needs.
- Implement traffic and transportation management strategies to improve the safety, structure and function of streets, transit, bikeways and sidewalks within the City.
- Actively pursue Olde Towne Blueprint.
- Maintain and enhance priority City services.
- Pursue programs that preserve and improve current and future housing stock and mix (e.g., aging apartments).
- Maintain support of neighborhood Community Policing programs.
- Implement programs to enhance delivery of services that address the needs of the City's culturally diverse populations.
- Implement the Master Plan for parks, recreation, cultural and leisure time activities.
- Implement recommendations from ongoing evaluations of natural resources and encourage protection and enhancement of the environment (streams, parks, stormwater management, and other CIP projects).
- Actively pursue economic development programs and strategies.
- Continue communication activities and implement programs that promote citizen involvement.

We are guided by the **Six Pillars of CHARACTER COUNTS!** as demonstrated by:

CUSTOMER FOCUS

We actively pursue the identification of citizen needs through citizen involvement to provide effective service to our community with efficiency, accountability, and a **CARING** attitude.

OPEN COMMUNICATION

We promote honest, open communication and easy access to information.

CREATIVITY

We strive to improve the quality and efficiency of City services through creative approaches and new, innovative, and cost effective technologies.

FISCAL RESPONSIBILITY

We provide quality services, of the best value, to effectively meet the needs of our community while maintaining a pay-as-you-go philosophy.

COOPERATION

We promote a spirit of **FAIRNESS, TRUSTWORTHINESS, RESPECT** and teamwork among our elected officials, City employees, residential and business communities, neighboring jurisdictions, and other governmental agencies.

COMMITMENT OF EXCELLENCE

We strive to achieve excellence in all we do.

CONTINUOUS IMPROVEMENT

We advocate good **CITIZENSHIP** and support the freedom to actively pursue suggestions, ideas, and creative approaches, leading to continuous improvement in everything we do.